

Labor: What Is the Outlook for the Future?

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WHATEVER the outlook for the future may be and whatever the outcome of the future may be, Labor must be and will be not only the cornerstone but the whole foundation. The whole end and aim of all earthly endeavor by mankind is simply to assure the continuance of the human race and to make certain the perpetuation of the race:

That children may be born and that their parents may be able to shield and protect them during their helpless years; that children may be assured of healthy bodies with which in turn they may do their share of the world's work and transmit the vital spark to their posterity; that children's minds may be developed so that they may cope with the ever-increasing problems of a complex civilization; that the child and the man may be able to have his bread by right of and by virtue of labor; and that there shall yet be spared enough hours for sleep and recreation and spiritual and mental growth so that life may be made worth living and therefore the perpetuation of the race be a thing worth while.

Bread—and in the Scriptural sense I take it the word covers the human necessities—becomes the material foundation upon which the race is built and the Divine command is: "In the sweat of thy face shalt thou eat bread" and then the Divine words go on with the text that should teach us the vanity of it all, for the full text reads: "In the sweat of thy face shalt thou eat bread, till thou return unto the ground; for out of it wast thou taken: for dust thou art and unto dust shalt thou return." It is the command of heaven, then, that man can live and the race can be continued only by virtue of labor. Everybody lives by work—either by his own work or the work of another.

But the sweat of the brow is no longer the symbol of work. It no longer identifies labor. As human activity has been specialized there have come trades and professions. Some involve manual labor almost solely, some involve mental effort almost solely, but a greater part combine in varied proportions the labor of the hand with the labor of the mind and there is quite as much Biblical sweat involved in the labor of the mind as there is involved in the labor of the hand.

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The outlook for the future is dark indeed as long as there shall continue an effort to defy the decrees of heaven and to live without working.

Capital is the stored up labor of yesterday. Capital is the child of the union of human labor and endeavor with the fruitfulness of Mother Earth and her resources of forest, field and mine.

When Capital seeks to multiply itself without Labor it begets an unholy child. When Labor seeks to function by limitation of effort rather than by the acceptance of its obligation, it invites its own ruin.

In the beginning of things, primitive man as an individual supplied his own needs by his own efforts and supplied the needs of his family. When specialization first began and one tilled the field while the other tended the flocks, the foundation of business was laid and business is merely a device or machine for facilitating the function of Labor and the end of Labor is the sustenance of the present generation and the assurance of a coming generation of human beings.

Labor, Capital, Business, are the means to the great end—Life.

Have we come today to the point where this Divine scheme of things is so reversed and up-ended that Labor, Capital and Business regard Life and living not as the end; not as the master purpose, but as a pilgrim treading the road from the cradle to the grave and with toll gates erected the whole length of that journey for the purpose of exacting an increasing tribute? If that is true then the life journey of humanity becomes a journey of despair.

When Labor says that it will function only six hours a day and only five days in the week, has it improved its condition? No.

When Capital, which is stored up labor, seeks to multiply itself not by sweat but by a stroke of the pen, by a writing up of inventories or of values, by an issue of securities, has it helped itself? No.

THE Wall Street Journal of August 7, 1919, told us that in the four years from December 31, 1914, to December 31, 1918, 104 industrial corporations representing but a small part of the aggregate industrial wealth of the country, after paying billions of dollars in war taxes and after having distributed record-breaking dividends, added a total of nearly two billions of dollars to the working capital. Practically all of this increase came from surplus earnings. This, too, is a part of the high cost of living.

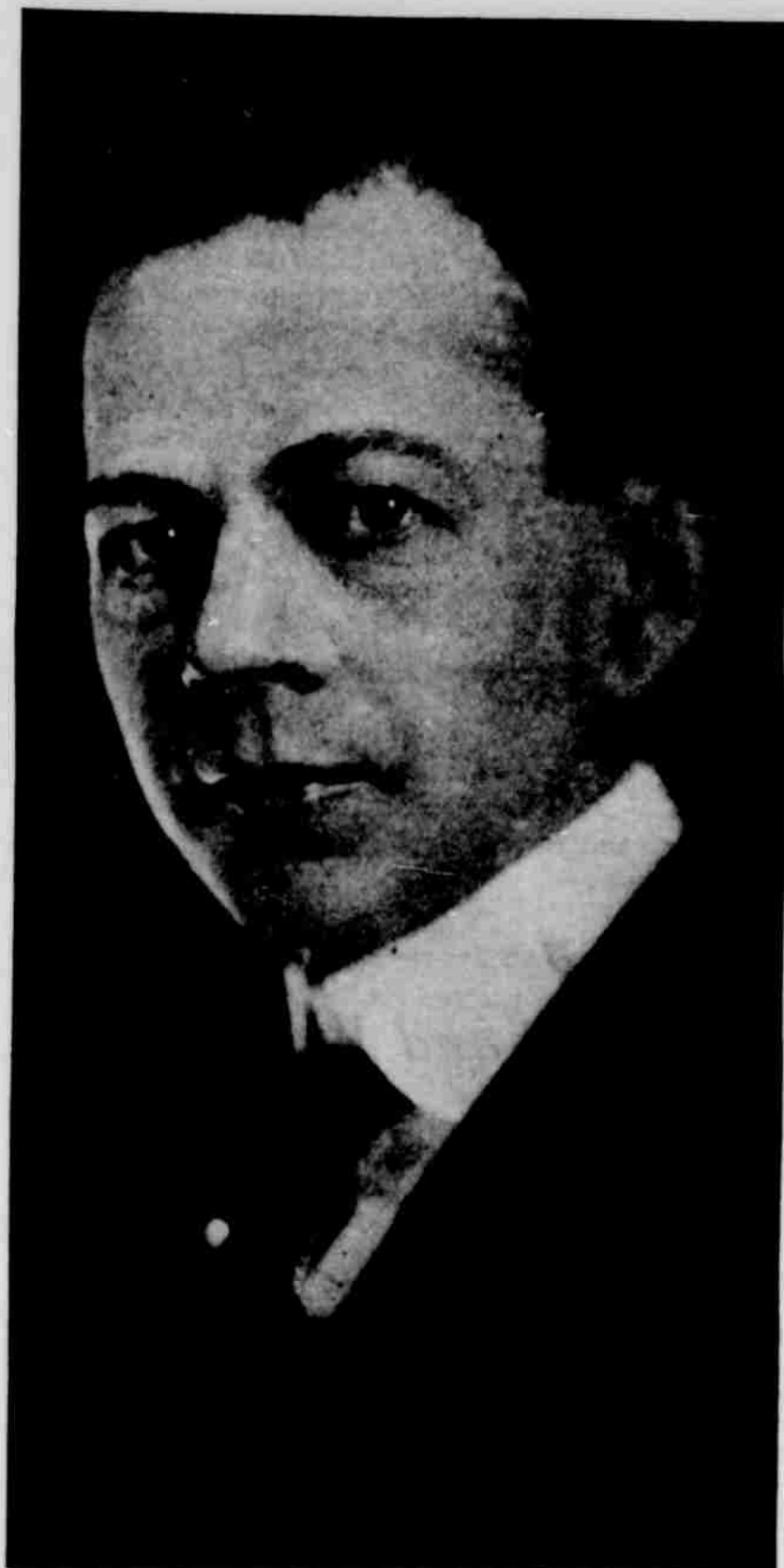
The great enhancement in claimed land-values is another burden.

In cities and towns, the rent charge on business and on the public is increased without benefit in return. In farm lands the increase is of no real benefit. The crops are no greater and the capital invested in sales in the future is arbitrarily increased. The farmer who is farming today gets no benefit. The tenant farmer is put under further burden and the difficulty of the farmer of tomorrow getting capital to buy land for his start is increased. The land speculator is the only winner and he wins at the expense of the tenant, business man, farmer and public. In the end it is all a charge on the cost of living.

What is the cost of living—high or low? The cost of living is the price of the ticket from the cradle to the grave. There are no return trip tickets.

When Labor shirks its duty and when Capital exacts fictitious toll, each has raised the price of the ticket and each has cut the value of the dollar. So that the dollar which we take as the quart cup with which to measure values, has become a pint cup, though we still call it a quart.

The various dollars are like the strips marked on the railroad mileage ticket and with undue limitation of the effort of Labor and fictitious increase in values



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claimed by Capital, the coupon in the mileage book now carries us half a mile instead of a mile. When the workman takes from his envelope \$8.00 instead of \$4.00 he finds that the \$8.00 is worth no more as a payment on the cost of his journey through life than the \$4.00 which he took from his envelope a few years ago. When the dividend which is the wages of Capital, which is stored up labor, is increased from 15% to 30% the profit is but a paper one; those dollars do not mean the good old dollar of our daddies.

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The outlook for the future is that Labor and its offspring, Capital, must stop blowing soap bubbles and must come back into the Divine order of things which says that all shall eat bread in the sweat of the face.

If Labor and Capital were united, as they should be, in the effort to do their duty—to eat the bread in the sweat of the face—then the future would become brighter as we removed the burdens artificially placed upon them.

I think it would be a great blessing and a great step toward the reduction in the cost of living if at this moment the whole scheme of excess profit tax could be abolished. There never was so bad a device in business as the device called "cost plus" and the excess profit tax is in its essence, a "cost plus" scheme.

Under a "cost plus" arrangement, say of 10% profit on cost; one can increase his profit by one dollar only by wasting nine other dollars and we have that curious and impossible situation of attempting to create wealth by wasting it.

In the excess profit tax when a concern has reached beyond what is considered to be its normal in profitability, the surplus is partially taken from it by increasing percentages. What follows? Waste and extravagance; or an effort to make as much profit with the excess profit tax in operation as though it were not in operation and that is done by charging excess profit tax to cost. It means the collection from all the people, when the 60% excess profit tax rate has been reached, of a dollar unnecessarily, in order that 40% may be added to divisible profit.

And the excess profit tax or any other tax is not paid by the taxpayer. It is passed on, it must be passed on, in the price of the product to the purchaser of the product, and, as it passes on and on, it grows, like a snowball rolling downhill, until it reaches the public. And the public, whether represented by a railroad president, a skilled mechanic, a farmer, a merchant, a day laborer or financier, having had the composite tax bill of all his predecessors passed to him, raises the price of his own labor whether that labor be stored up labor in the form of Capital, labor of the hands, or labor of the mind, to meet the new "cost of living." So, the distressing process having made a complete circle, it starts, again, the endless spiral upward. The Federal Trade Commission was created in 1914

to administer a simple principle of law declared by Congress in the words: "That unfair methods of competition in commerce are hereby declared unlawful."

That declaration would seem to be the summing up in eleven words of the ethics of American business.

Those eleven words contain and state, the Bill-of-Rights, the Declaration of Independence and the Constitution, of American business. Those words mean that any concern which seeks to engage in any business shall be given the right of life, liberty and the pursuit of happiness in that business without let or hindrance from any other concern engaged in that business. The law should add, or in any competing business,

And it means that each business concern is guaranteed the right to work out its own salvation; to make the measure of its own prosperity and to survive or perish according as its industry, its efficiency and its fair-dealing shall entitle it to life and growth or shall condemn itself to death.

That principle means that cannibalism shall not be practiced in Commerce.

The Federal Trade Commission has applied itself to the inspiring duty of administering that great principle. In doing so it has incurred the displeasure of certain great institutions which do not want unfair practices to be abolished in our commercial world. And by reason of incurring that displeasure, the Federal Trade Commission has found itself to be the most thoroughly maligned and misrepresented body in the government today.

AT THE cost of millions of dollars in printer's ink; by the creation of publicity departments and by the enlistment of many minds in many professions, it has been sought to make the public at large and the business world in particular, to believe that the Federal Trade Commission is the enemy of business, is hostile to prosperity and looks askance at profits and at growth. That is not true.

The Federal Trade Commission has been painted as being armed with a sword and running amuck in the market place. That is not true.

True, the Federal Trade Commission was armed by Congress with a sword, but it was also given a shield and when a business concern, complaining that unfair practices in competition are being waged against it by its competitors, comes to the Federal Trade Commission, and invokes the protection of this principle of law laid down by Congress, the Federal Trade Commission extends its shield over that business and with the sword drives back the aggressor.

Many of the complaints that come to the commission are discovered, upon examination, not to be well founded and such are dismissed.

Let us see the record. The first complaint was filed upon the organization of the commission in March, 1915, and in four years and a half 1401 applications for the issuance of formal complaint are made with the commission, the commission takes no action against the concern complained against until it shall have had made such reasonable preliminary examination as will determine whether or not it seems reasonable to believe that the complaint may be a just one. If the complaint is ill-founded, it is dismissed without public notice or knowledge and without bringing distress to the concern complained against.

Of the 1401 applications for complaint thus received up to the first of September of this year, 673 or about one-half have already been so dismissed without notice and without public knowledge. Of the remainder, 392 are now in process of such preliminary examination with the reasonable prospect, based on past experience, that about 200 of them will similarly be dismissed without notice and without public knowledge.

That leaves only 336 of these 1401 applications made to the commission by complaining business concerns which have been found to be of prima facie merit and in these cases the formal complaint of the commission has been issued.

Of this number 176 had been disposed of on September first and 160 of them were going through the orderly processes of trial laid down by the Act of Congress.

Of the 176 that were disposed of, 23 were dismissed, the respondents in those cases having made a sufficient showing of defense to overcome the prima facie case which appeared on the preliminary examination.

In the remaining 153 cases, the commission's order to cease and desist from the practice complained of was issued and in 134 of those instances the order of the commission was issued by and with the consent of the respondent. And let me say that this points to an important fact, which is that in 134 cases out of 153 cases where the business concern, after an examination of its conduct and the effect of its conduct upon its competitor has been shown and brought to his attention through the production of witnesses and the marshalling of evidence on both sides through the examination and cross-examination by attorneys, the American business man, seeing that the practice is unfair, has voluntarily agreed to accept the order to stop it.

I believe that is a record of which American business can well be proud and the commission is proud of being an actor in such a performance.

In the remaining 19 cases the concerns complained about by other business concerns resisted to the end and the order to cease and desist was nevertheless issued.

When the Federal Trade Commission issues its order against any given practice and if the respondent concern believes the judgment to be unfair, the courts are open. Appeal may be had to the United States Circuit Court of Appeals and thence to the Supreme Court of the United States and in all these cases only six have been so appealed for court review.

To recapitulate then; out of 1401 complaints laid before the commission, 849 have been finally disposed of, and in 843 of those cases the judgment of the commission has been accepted.